

**ALASKA STATE LEGISLATURE
SENATE EDUCATION STANDING COMMITTEE**

March 15, 2021

9:02 a.m.

MEMBERS PRESENT

Senator Roger Holland, Chair
Senator Gary Stevens, Vice Chair
Senator Shelley Hughes
Senator Peter Micciche
Senator Tom Begich

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 20

"An Act relating to recognition of certificates of out-of-state teachers."

- HEARD & HELD

SENATE BILL NO. 6

"An Act relating to retirement incentives for members of the defined benefit retirement plan of the teachers' retirement system and the defined benefit retirement plan of the Public Employees' Retirement System of Alaska; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 20

SHORT TITLE: OUT OF STATE TEACHER RECIPROCITY

SPONSOR(s): SENATOR(s) STEVENS

01/22/21	(S)	PREFILE RELEASED 1/8/21
01/22/21	(S)	READ THE FIRST TIME - REFERRALS
01/22/21	(S)	EDC, FIN
03/15/21	(S)	EDC AT 9:00 AM BUTROVICH 205

BILL: SB 6

SHORT TITLE: RIP FOR PUBLIC EMPLOYEES/TEACHERS

SPONSOR(s): SENATOR(s) KAWASAKI

01/22/21	(S)	PREFILE RELEASED 1/8/21
01/22/21	(S)	READ THE FIRST TIME - REFERRALS
01/22/21	(S)	EDC, L&C, FIN
03/15/21	(S)	EDC AT 9:00 AM BUTROVICH 205

WITNESS REGISTER

TIM LAMKIN, Staff

Senator Gary Stevens

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Introduced SB 20 on behalf of the bill sponsor.

LARRY LEDOUX, Ph.D., Superintendent

Kodiak Island Borough School District

Kodiak, Alaska

POSITION STATEMENT: Testified in support of SB 20.

DEENA BISHOP, Ph.D., Superintendent

Anchorage School District

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 20.

MICHAEL JOHNSON, Ph.D., Commissioner

Alaska Department of Education and Early Development (DEED)

Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 20.

SONDRA MEREDITH, Administrator

Teacher Certification

Department of Education and Early Development

Juneau, Alaska

POSITION STATEMENT: Answered questions about teacher certification.

CASSIDY FRANCIES, Senior Policy Analyst

Education Commission of the States

Denver, Colorado

POSITION STATEMENT: Spoke about teacher reciprocity from a national perspective.

TIFFANY MCDOLE, Policy Researcher

Education Commission of the States

Denver, Colorado

POSITION STATEMENT: Spoke about teacher reciprocity from a national perspective.

JOE HAYES, Staff

Senator Scott Kawasaki

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented SB 6 on behalf of the sponsor.

DOUG WOOLIVER, Deputy Administrative Director

Alaska Court System

Anchorage, Alaska

POSITION STATEMENT: Described a RIP experience with the court system.

JIM PUCKETT, Deputy Director

Division of Retirement and Benefits

Department of Administration (DOA)

Juneau, Alaska

POSITION STATEMENT: Answered questions about state retirement systems.

ACTION NARRATIVE

[9:02:53 AM](#)

CHAIR ROGER HOLLAND called the Senate Education Standing Committee meeting to order at 9:02 a.m. Present at the call to order were Senators Stevens, Hughes, Begich, and Chair Holland. Senator Micciche arrived shortly thereafter.

SB 20-OUT OF STATE TEACHER RECIPROCITY

[9:03:35 AM](#)

CHAIR HOLLAND announced the consideration of SENATE BILL NO. 20 "An Act relating to recognition of certificates of out-of-state teachers."

He invited Senator Stevens and staff to introduce the bill.

[9:03:49 AM](#)

SENATOR GARY STEVENS, speaking as sponsor of SB 20, stated this legislation is about teacher certification reciprocity. It is an attempt to help districts solve the teacher shortage. It is a balance between setting a high bar for excellent teachers and on the other hand, acknowledging the barrier to entry some folks face. Teaching is a heavily regulated profession with stringent

guidelines, training, and assessment programs. This bill is simply an effort to offer a pathway that is clear, reflects the unique needs of Alaska, and maintains an awareness of the state's history and culture, but it also gets teachers in good standing from other states, possibly even military spouses, quickly. He is looking forward to hearing from districts about whether this would help them solve teacher shortages.

[9:05:04 AM](#)

TIM LAMKIN, Staff, Senator Gary Stevens, Alaska State Legislature, Juneau, Alaska, said SB 20 aligns with some regulatory emergency suspensions of the past year. Superintendents around the state have requested assistance with improving the supply of qualified teachers, primarily in the form of relaxing some training requirements, specifically the three credits in Alaska studies and multicultural studies. It is assumed that if teachers are in good standing in another state, if they have the basic requirements of a baccalaureate degree, Praxis test passing score, and have passed a background check, they should be eligible to legitimately resume teaching in Alaska as well. This bill will give them a window of time to complete the Alaska-specific trainings.

[9:06:25 AM](#)

MR. LAMKIN presented the sectional analysis for SB 20:

Sec. 1: AS 14.20.010, relating to a teaching certificate being required to teach in Alaska, removes the reference of there being a preliminary certificate.

Sec. 2: AS 14.20.015(a), relating to out-of-state teaching certificates, removes reference to there being a preliminary certificate, and also removes a requirement for a out-of-state teachers to have a baccalaureate degree.

Sec. 3: AS 14.20.015(b), relating to out-of-state teaching certificates, removes a requirement for passing a competency exam, and replaces it with a requirement to complete a college course in Alaska studies and multi or cross-cultural studies within 3 years.

Sec. 4: AS 14.20.015(c), relating to out-of-state teaching certificates, removes reference to there being a preliminary teaching certificate.

Sec. 5: AS 14.20.020(b), relating to requirements of teacher certificates generally, exempts out-of-state teaching certificate holders from having to complete a college course in Alaska studies and multi or cross-cultural studies before receiving their Alaska certificate.
Sec 6: AS 14.20.020(h), relating to a requirement to complete a college course in Alaska studies and multi or cross-cultural studies, to allow an out-of-state teacher to receive their Alaska certificate, but to complete those studies within 3 years.

Sec 7: AS 14.20.020(k), relating to the requirement of a variety of trainings to take place before being issued an Alaska teaching certificate, to allow out-of-state certificate holders 3 years to complete such trainings.

Sec. 8: AS 14.20.015 (d), (e), and (f), relating to preliminary teaching certificate employment, tenure and expiration are repealed.

9:09:01 AM

SENATOR BEGICH asked if the assumption is that holding a valid teaching certificate from another state requires that someone have a Bachelor of Arts or Bachelor of Science. He asked how that would be known for sure.

MR. LAMKIN responded that there is a national movement for conformity in teaching certificates. He is not aware of any state that issues a teaching certificate without the applicant having a baccalaureate degree.

SENATOR BEGICH said that in the past, a bill came up to allow teachers to teach a foreign language without a teaching certificate. He has been opposed to that because he sees it as a loosening of the structure for education. He asked where the protection in the law is to ensure someone has a Bachelor of Arts or Bachelor of Science to teach.

MR. LAMKIN answered that he believes this is covered in a section of the bill. Someone trained in Alaska must get a baccalaureate degree. This is shifting the preliminary certificates to a full certificate and applicants must prove they have a baccalaureate. He is sure it is in the bill, but he would defer to the commissioner on this.

9:11:12 AM

SENATOR MICCICHE asked if the original requirement for Alaska studies came from a bill by Senator Stevens.

SENATOR STEVENS replied yes. He taught that class for many years at the university.

[9:11:37 AM](#)

SENATOR HUGHES said there has been discussion of this in other professions as well. She wants to make sure the bar is not lower in other states. There are other requirements besides a college degree. Mississippi requires that teachers pass a test about how to teach reading. It would be reassuring to have a national comparison about teacher certifications. Alaska might want to say yes for these states and no for others. She asked if there a resource that allows for comparisons of requirements. She asked if that is something the sponsor might think necessary.

MR. LAMKIN responded that people online can contribute to the conversation and give a picture of the national landscape. They will formally present on Friday.

SENATOR HUGHES said the committee is looking at early literacy bills. If the state brought in a teacher from Mississippi, that teacher would know how to teach reading. The literacy bill would require three credits in reading instruction, but that may not be required in another state. That person would not be as prepared. That is her concern.

CHAIR HOLLAND moved to invited testimony.

[9:14:30 AM](#)

LARRY LEDOUX, Ph.D., Superintendent, Kodiak Island Borough School District, Kodiak, Alaska, described SB 20 as an important bill because teachers are difficult to find in Alaska. Alaska cannot grow its own teachers in sufficient numbers to fill positions and must look outside to find teachers. Alaska used to enjoy hundreds of teachers who wanted to come to Alaska. When he attended job fairs in Anchorage in the past, there would be 1,200 candidates lined up during the job fairs. Now it seems there are more administrators looking for teachers than teacher candidates. It is a competitive market. Alaska's salaries are not as high as they used to be compared to other states. The state needs to make it easier for qualified staff to come to Alaska. This year, because of the emergency declaration and the waiving of many requirements, it has been easy for Kodiak to fill vacancies with quality teachers. The state waived Praxis scores and the three semester hours in Alaska studies and

multicultural education. The Alaska certification office has been exemplary in helping Kodiak certify its teachers. Many teachers in Kodiak are military spouses. They often come in the summer. Anything that holds up certification of these teachers makes it difficult for them to be in classrooms on the first day of school. This bill will help fill positions and attract more teachers who sometimes go elsewhere because they don't want to go through all the immediate steps necessary to be fully certified, especially since they are taking a risk, from their point of view, in coming to Alaska.

SENATOR STEVENS said that Senator Hughes brought up the issue of applicants from other states who may not be as qualified as they should be. He assumes Superintendent LeDoux would not hire unqualified applicants.

DR. LEDOUX answered that his district would never hire a teacher, especially in elementary areas, who did not have sufficient credentials in reading. Generally, he has found that elementary teachers have the reading background and experience. If the district could not ascertain that, the district would not hire them in spite of this bill.

9:18:51 AM

DEENA BISHOP, Ph.D., Superintendent, Anchorage School District, Anchorage, Alaska, said that SB 20 allows potential applicants to consider teaching in Alaska at a higher rate. The bill allows the flexibility needed at just the right time in the state. Many alternative certificate programs in the lower 48 do not require student teaching but have a blended approach to gaining certification. This bill allows new hires to move to the professional certificate whereas they are not presently able to do so because of the state's student teaching requirement. Often they won't choose Alaska because of this provision. More people are entering education as a second career than ever. Second career educators are highly cherished. She personally has high regard for them. They have so much more to offer to students, especially when considering that education is preparing students for the real world or success in life. Many second career educators have worked in the private sector, which adds value to classrooms. They are more inclined to enter into an alternative certificate program. Anchorage has eight immersion programs. Out-of-country educators often do not participate in the traditional student teaching roles. This bill would allow for out-of-country candidates to move to professional certification as well. They cannot do that now because of the student teacher requirement. The Anchorage School District, like Kodiak, has

about 7 percent of teachers and other certificated staff coming from military families. They are military spouses. Recreational opportunities in Alaska attract families but so does work. In order to keep military spouses employed, a more flexible certificate path is always valued in their transfers. SB 20 allows the time and flexibility need to transition to Alaska. SB 20 maintains high standards but allows more time to complete the requirements.

[9:22:15 AM](#)

SENATOR MICCICHE asked if any teachers in the Anchorage School District are without a baccalaureate degree.

DR. BISHOP answered that the district has some, primarily in career and technical education. The state has a type M certificate. Districts must request a type M certificate for people they want to teach particular courses. That keeps districts accountable. Districts hire the best candidates. The Anchorage School District has hundreds of type M people who do not have a baccalaureate degree.

[9:23:13 AM](#)

MICHAEL JOHNSON, Ph.D., Commissioner, Department of Education and Early Development, Juneau, Alaska, thanked the committee for focusing legislation on the shared priorities of the Alaska Education Challenge. Priority four is to prepare, attract, and retain effective education professionals. SB 20 will improve the trajectory toward this priority. The state will continue to work on preparing Alaskans to become certified teachers and recognizes the current challenge to recruit enough teachers requires the state to invite safe and skilled educators from across the country. Many current teachers chose to move to the state, learn from fellow Alaskans, respect the state's cultures, and care for Alaska's students. This past year has given the state an opportunity like never before to appreciate teachers who work tirelessly for students, even when faced with a global crisis. Alaska need teachers for students. Sondra Meredith, the head of teacher certification, can answer any question about current certification statutes and regulations. Tiffany and Cassidy from Education Commission of the States have the national perspective.

SENATOR BEGICH questioned the reason for the statutory requirement to have a baccalaureate degree to be a teacher when 300 teachers in the Anchorage School District do not have one.

[9:26:14 AM](#)

COMMISSIONER JOHNSON answered that he cannot say why it was placed in statute originally. It is easy to say that teaching increasingly requires a higher level of training. Like many other industries, that postsecondary training is essential for the work; however, increasingly, many pathways exist to achieve those skills and preparations that may not have been available in the traditional, higher education setting 15 or 20 years ago. The broad answer is that it is a matter of training and skills. Students are complex and it requires a special kind of training to meet their needs.

SENATOR MICCICHE cited AS 14.20.022, which could require a baccalaureate or at least five years of experience in the subject matter that the person will be teaching. He asked if that is the certificate that most teachers are using who do not have a BA or BS.

COMMISSIONER JOHNSON deferred to Sondra Meredith, who knows the statutes and regulations for all certificates and knows what was waived during the pandemic.

9:28:43 AM

SONDRA MEREDITH, Administrator, Teacher Certification, Department of Education and Early Development, Juneau, Alaska, clarified that the type M certificate is a separate section than the one Senator Micciche quoted. The statute for a subject matter expert allows individuals with a bachelor's degree but who have not completed a teacher education program to be licensed in the state. Type M appears further along in the statute.

SENATOR MICCICHE voiced support for the bill and said producing evidence of a baccalaureate is easy. He understands why the Alaska studies and cross-cultural studies are removed. It allows districts to put a teacher to work right away. There are other avenues without dropping the bar on every teacher without requiring a BA. He asked why that is in the bill.

MS. MEREDITH said that when it comes to this particular pathway that is in existence that the bill will change slightly, when her agency looks at certifications from other states, it uses the NASDTEC (National Association of State Directors of Teacher Education and Certification) agreement to determine whether it is a regular certificate. That has been established by NASDTEC. The agency looks to see if the particular certificate being presented represents a certificate that shows that the person has completed a teacher preparation program and has a bachelor's

degree as the minimum requirement. She assumes the bill sponsor would want that to continue. Her agency will continue to look at the certificate to ensure that it is a regular certificate issued by a state.

9:32:35 AM

SENATOR BEGICH asked if she said this is essentially removing a redundancy.

MS. MEREDITH answered yes. As part of its processes, her agency would be looking to the state that issued the certificate to make sure it represented what she mentioned before.

SENATOR BEGICH asked if NASDTEC was an accrediting association.

MS. MEREDITH replied that it is a national association for her licensing manager peers. The state has an agreement in statute that connects the state to that agency.

SENATOR BEGICH said that satisfies his concern.

9:33:48 AM

SENATOR MICCICHE said that doesn't quite get him there. Other than a subject matter expert, he doesn't see anywhere else in code where a baccalaureate is required. He asked if the state is thinking of dropping the requirement for a BA or a BS for a teacher certificate. If not, he doesn't understand the value of removing that section requiring that level of education. He is just curious whether the state is considering for certain subjects, other than subject matter experts, where the state is having a difficult enough time landing educators in Alaska, that someone with an associate of arts might be a target for employment in the future.

MS. MEREDITH responded that most certifications are issued under AS 14.20.020. In subsection b of that provision, a bachelor's degree is the minimum requirement. That is the overarching statute for all certificates except for the subject matter expert and the out-of-state reciprocity language that is separate from the section.

9:36:09 AM

CASSIDY FRANCIES, Senior Policy Analyst, Education Commission of the States, Denver, Colorado, said generally, experience is the biggest indicator of teacher effectiveness. A lot of policy makers have used that as justification for providing

reciprocity, that the out-of-state teachers have experience teaching.

9:37:27 AM

TIFFANY MCDOLE, Policy Researcher, Education Commission of the States, Denver, Colorado, said she and Cassidy are presenting at a later hearing with a formal analysis of the national landscape on statute related to reciprocity. They will speak about how states consider bachelor degrees or baccalaureates in the licensing process.

MR. LAMKIN said that to touch upon Senator Micciche and Senator Begich's concern, the key word is reciprocity. The target is that if a teacher is in good standing in a particular subject matter with the respective certificate, there would be reciprocity for that certificate. The intent is not to lower the bar regarding a baccalaureate degree. Senator Steven's office will make sure that the bill is not doing that.

SENATOR BEGICH clarified that Ms. Meredith said that AS 14.20.020(b) requires a baccalaureate degree. This simply removes a redundancy in the law. If the agency is examining certificates through reciprocity and the accreditation process, then teachers will have met that requirement. Once she explained that to him, it makes it clear to him that it is a redundancy and the bill is not lowering the standard. He will look at .020(b) to make sure that is the case, but that seems to be what folks are saying. He has deeper concerns that he will bring up with the Anchorage superintendent about the hundreds of type M certificates but not now.

SENATOR MICCICHE said that he sees the statement in .020 and agrees that it has a requirement, but this bill seems to indicate unless it is a certificate born out of reciprocity. That concerns him. He would like to understand that. It seems to point in that direction, trusting in the certification of other states. He does not think that is the goal and is not sure it needs to be removed. He would like to know if others can point the committee in that direction, that it still does satisfy that requirement. He does not think it is redundant. He thinks it is saying when the state is receiving other certificates, a BA or BS is still required, unless it is a type M certificate.

9:41:31 AM

SENATOR HUGHES offered her understanding that one of the regulations that was suspended for out-of-state teachers during COVID-19 was fingerprinting because it slowed the hiring

process. She said she wonders if the timing of fingerprinting will be a problem. She asked if the fingerprint records from other states are being accepted so teachers. If not, she asked what kind of delay could be expected.

[9:42:27 AM](#)

MR. LAMKIN said he is reviewing the emergency orders and he does not see that fingerprinting regulations were suspended.

SENATOR HUGHES suggested that should be double checked, and whether Alaska would want to accept the fingerprinting done in another state so there would be no delay.

MR. LAMKIN deferred to Ms. Meredith.

MS. MEREDITH explained that the fingerprint regulations were not suspended because of a provision under AS 14.20.010 that allows individuals applying for certification to present their fingerprint cards. That gives the department 90 days to work with the Department of Public Safety (DPS) to receive their criminal history report. During that time, those individuals are considered to be fully licensed in Alaska, so there is no penalty to the applicant or district as long as the fingerprint card is provided. The department did work with DPS during the emergency orders. DPS allowed the department to submit a name-based check for individuals having difficulty getting hand-rolled prints. That worked well and gave the individual more time to get fingerprints rolled. With the removal of the emergency orders, that is no longer an option, but the department still has the additional time after someone initially applies for certification.

SENATOR HUGHES thanked her for the clarification.

[9:45:34 AM](#)

CHAIR HOLLAND held SB 20 in committee.

[9:45:52 AM](#)

At ease

SB 6-RIP FOR PUBLIC EMPLOYEES/TEACHERS

[9:46:58 AM](#)

CHAIR HOLLAND reconvened the meeting and announced the consideration of SENATE BILL NO. 6 "An Act relating to retirement incentives for members of the defined benefit

retirement plan of the teachers' retirement system and the defined benefit retirement plan of the Public Employees' Retirement System of Alaska; and providing for an effective date."

He invited Joe Hayes to present the bill.

9:47:18 AM

JOE HAYES, Staff, Senator Scott Kawasaki, Alaska State Legislature, Juneau, Alaska, read the sponsor statement for SB 6:

Senate Bill 6 would implement a temporary, voluntary Retirement Incentive Program to increase state savings by allowing public employees to retire up to three years early. Long-serving public employees are among the highest paid in the state. In many cases, pensions paid to retiring employees would cost the state less money than their current salaries. Providing high-salaried employees the option to retire early would save Alaska money through lower personnel costs.

SB 6 could also help prevent layoffs. The bill presents a method of cost-cutting and payroll reduction without forcing anyone out of the workforce before they are ready to retire. This gives the State of Alaska the opportunity to reduce operating costs by opening vacancies that enable the placement of more junior employees. Retirement incentive programs are regularly used in the private sector to efficiently control personnel costs through market incentives rather than heavy-handed layoffs.

Retirement Incentive Programs have been used on a temporary basis three times in Alaska's history and was last proposed in 2004. In 1986, Senator Jim Duncan estimated savings at approximately \$25 million. A Legislative Audit of the 1989 Retirement Incentive Program demonstrated a savings of \$22.9 million with nearly 1,764 individual participants. In 1996, Rep. McGuire calculated the state gained \$41 million in savings through identical legislation.

Senate Bill 6 is an innovative policy option for state agencies, municipalities and school districts to consider as a means to reduce payroll costs without layoff

9:49:13 AM

MR. HAYES presented the sectional analysis for SB 6:

Section 1:

Defines the purpose and intent of the bill to make Retirement Incentive Programs (RIP) temporarily available to state agencies, municipalities and school districts. Includes intent for state agencies that adopt authorized RIPs to adopt an accompanying policy to prohibit hiring of new employees.

Section 2:

Allows public employers, including the University of Alaska, to elect to adopt a RIP under the bill. The employer may limit the program to specific components, job classifications, geographic locations or a combination of the three.

Specifies the commissioner of administration or the commissioner's designee ("administrator") has the sole authority to approve or deny an employee's RIP application.

An employer adopting a RIP shall propose the program to the administrator to approve if it meets the requirements set forth under sec. 9 of this bill.

Establishes the requirements for any RIP proposed by a public employer:

- (1) Designate job classifications and specific budget and administrative components of employees eligible to participate; and
- (2) For each participating employee, the employer must reimburse the defined benefit retirement plan within three years after the end of the fiscal year in which the employee retires. This reimbursement must be equal to an amount that is the difference between the benefits the RIP participant receives after the credit and the benefits the participant would have received without the credit, less the amount the participant has paid on the indebtedness provided later in this section. The reimbursement agreement requires the employer's contributions must be given priority over other financial obligations.

9:51:01 AM

An employer adopting a RIP may request the administrator to establish one or more application

periods open to at least one eligible employee. The RIP application period must be at least 30 days and at most 60 days in duration. RIP application periods may only be established between 30 days after the program is established and no later than June 30, 2024.

An administrator may allow an employee to retire early under a RIP no later than six months after the last day of the application period, or a date set by the RIP as the date employees are eligible to retire early—whichever is earlier.

Establishes RIP eligibility requirements for an employee:

- (1) The employee is vested in a defined benefit retirement plan in PERS or TRS;
- (2) The employee has credit for service under Tiers 1, 2 or 3;
- (3) The employee is at least 50 years old and has at least 17 years of credited service as a peace officer or firefighter, or at least 20 years of credited service in any other public agency;
- (4) The employee is qualified to retire under their defined benefit plan after receipt of the approved early retirement credit;
- (5) An employee of a state agency satisfies the requirements under sec. 3; and
- (6) The savings in personal services costs for the participating employee's position will exceed the cost to the employer for that vacating position within three years after the employee is appointed to retirement.

Sets the level of indebtedness for RIP participants. For TRS members, participants pay 25.95 percent of the year's annual compensation for the school year, or the calculated school year compensation if they work a partial year, plus a share of the administrative costs. The indebtedness for peace officers and firefighters is 22.5 percent and 20.25 percent for all other PERS members.

For any RIP participants, annual or personal leave may be applied toward indebtedness. Pension benefits shall be reduced by an actuarial adjustment if the participant has not paid the indebtedness at the time of retirement.

9:53:18 AM

Provides a credit of three years of service to be given to an employee participating in the program. The three years credit must be applied in an order of priority until the credit is met: to meet the age or service required for normal retirement eligibility; to meet the age required for early retirement; to reduce the actuarial adjustment required for early retirement; as years of credited service for calculating benefits.

Section 3:

Requires interested eligible state employees must be employed for at least 12 months prior to application to an approved RIP.

Prohibits the governor, lieutenant governor, commissioners, deputy commissioners or assistant commissioners from participating in a RIP.

Section 4: Authorizes University of Alaska employees who are members of PERS or TRS may participate in a RIP under the appropriate requirements for their defined benefit retirement program established under this bill.

Section 5: Allows PERS or TRS members to receive a credit for service while employed in a political or public organization prior to that organization's participation in PERS or TRS. The credit may not be applied to determine the amount of retirement benefits that employee receives.

Section 6: Allows the commissioner of administration to recover a delinquency owed to the state by an employer. Provides a delinquency may be recovered by withholding money owed to the employer equal to or less than the amount of the delinquency, and by bringing action against the employer.

Section 7: Allows an administrator to close an adopted RIP to new applicants if it has been determined that an increase in the number of participants will have a significant negative effect on the actuarial soundness of PERS or TRS.

9:55:08 AM

Section 8: Requires an employee who participated in a RIP that is reemployed under PERS or TRS or the judicial retirement system to forfeit the incentive credits received or due as established under sec. 2. That employee must also incur an indebtedness to the reemploying defined benefit plan at 110 percent of the amount received solely as a result in participating in a RIP, including health insurance premium costs.

The administrator shall apply the amount the employee paid in indebtedness under sec. 2 as a credit toward the member's reemployment indebtedness. Interest on the reemployment indebtedness accrues from the date of reemployment until the date the individual is appointed to retirement and accepts an actuarial adjustment to future benefits, or until the employee repays the indebtedness in full. The rate of interest is established by the Alaska Retirement Management Board.

Prohibits a state agency or the University of Alaska from employing or contracting an individual who retired under a RIP for a period of three years. Establishes several exceptions for the University of Alaska, school districts and the legislative branch.

9:56:19 AM

Section 9: Requires the director of the Office of Management and Budget (OMB) to determine if each RIP adopted will reduce net operating costs for the state agency for a five-year period beginning July 1, 2021 and report the outcome of the review to the administrator.

Prohibits the administrator from approving a RIP unless the OMB determines the program is expected to reduce the agency's net operation costs. The state agency adopting a RIP shall cooperate with and provide information to the OMB to aid with the preparation of the review and the annual report submitted to the legislature.

9:56:58 AM

Requires the OMB to submit to both legislative chambers an annual report of established RIPs beginning January 15, 2022, through January 15, 2025.

Sets the requirements for those annual reports so that the legislature can evaluate the RIPS, their impacts on PERS and TRS, and their economic impact to employing agencies.

9:57:19 AM

Section 10: Provides that an employee does not have a vested or contractual right to a benefit under this bill until an agreement is executed with the administrator that authorizes the employee to participate in the RIP. Allows the legislature to change a RIP as it relates to employees for whom an agreement has not been executed.

Section 11: Allows the commissioner to adopt regulations to implement and interpret the Act.

Section 12: Provides definitions of administrator, employer, OMB, PERS, TRS, public organization and state agency for purposes of the Act established under this bill.

Section 13: Prohibits sections 1-12 from impairing the benefits of a person appointed to retirement under PERS or TRS before the effective date of this bill.

Section 14: Sections 1-12 apply to contracts made on or after the effective date.

Section 15: Repeals sections 1-12 on July 1, 2024.

Section 16: Enacts the bill immediately under AS 01.10.070(c)

9:58:29 AM

SENATOR BEGICH noted that in Section 10, Mr. Hayes said, "for whom an agreement has been executed." He suggested Mr. Hayes meant to say "for whom an agreement has not been executed

MR. HAYES agreed.

SENATOR BEGICH said that Section 8 is to keep people from taking advantage of the system and coming back immediately after executing an RIP. He asked if that was correct, and Mr. Hayes affirmed it was correct.

9:59:45 AM

SENATOR HUGHES referenced a bill allowing retired teachers to come back. She understands what Senator Begich is saying but wonders if that would make sense if there is a shortage. In Section 2, an employee could be 50 years old. If this is truly something where there could be a net cost savings, she questioned the reason for an age limit. Someone could meet the minimum years of credited service at a younger age.

MR. HAYES responded that he is not sure how many state employees would be hired at 18 without a degree, but he will review that.

SENATOR HUGHES said someone could start at age 25 and still meet that requirement before age 50.

SENATOR BEGICH said Senator Micciche's bill that became law excluded teachers from coming back into the retirement system. There are exceptions in Section 8 for things like substitute teaching. The retirement incentive bill would not be affected by this.

[10:02:41 AM](#)

SENATOR MICCICHE said the financial benefits to the state have been questionable with the RIPs passed in the past. The state is in a perfect storm of not being able to fill teacher positions, which is why the legislature passed the retiree rehire bill. He is struggling. The economic benefits are questionable. The Legislative Research Services report had mixed reviews. With some calculations there actually was a cost to the state. He understands the economic value of giving an economic incentive to replace a highly compensated 30-year teacher with another teacher at a lower cost, but right now, the state is in dire straits in keeping teaching positions filled. That worries him. He appreciates the idea. Maybe at some point it will be more beneficial, but right now he is worried about it.

MR. HAYES responded that Senator Kawasaki views this bill as win-win. It is an opt-in rather an opt-out bill. Each governmental agency decides if it works for them. The state is not saying that anyone has to do an RIP, but if there are cost savings, agencies could proceed. It is a morale booster because of the amounts of layoffs coming from the state with reduced budgets. This is a better way for folks to walk away and retain morale in certain segments of the state.

CHAIR HOLLAND called on invited testimony.

[10:05:26 AM](#)

DOUG WOOLIVER, Deputy Administrative Director, Alaska Court System, Anchorage, Alaska, said the court has no position on SB 6, but he was asked to testify about a RIP program the court developed in 2016. The court was looking to reduce personnel costs. It had long-time employees who cost more than newer employees. The court had no authority to have an early retirement program such as this. It could only incentivize those who were already eligible for retirement to retire. With the court program, employees must have been eligible to retire for at least three years, must have been an employee of the court system for at least 10 years, and agree to retire by August 31 of 2016. Only 28 people were eligible and 16 of them opted to retire. The incentive was three months salary. The net savings was \$680,000 a year, which is not big relative to PERS (Public Employee Retirement System) or TRS (Teacher Retirement System), but for the court system budget, \$680,000 was a real help at the time. It was a morale booster. The court was able to say goodbye to people on good terms and saved a lot of money by the court's standards. It is a different kind of program, but it worked for the court system.

10:07:54 AM

SENATOR MICCICHE said he is only looking at the bill from an education standpoint because it is in the Education Committee. He feels differently about the bill as far as TRS vs. PERS. With PERS he sees some practical benefit. The ageism aspect of this has been challenged in the past. The court system was based on years of service or something not related to age. This bill seems more age directed. He asked if Mr. Wooliver had any concerns about that or would he rather not speak to the legal aspects of the bill.

MR. WOOLIVER replied that it would be best to turn to Legislative Legal for that, but retirement incentives are common across the country. He would guess that whatever the law is, it is well established.

SENATOR HUGHES said that to veer off education a bit, from reading the Legislative Research information, the 1989 program was to mitigate the social hardships of layoffs. Those positions were not replaced. As lawmakers they need to think about that. They have seen that per capita the number of state employees is high. Alaska is a unique state and provides a lot of services, so it is not comparable. It might be something to consider if a position would remain vacant sooner under this if the state decides to downsize. She is just throwing that out. That could be of benefit to the state.

10:10:18 AM

JIM PUCKETT, Deputy Director, Division of Retirement and Benefits, Department of Administration (DOA), Juneau, Alaska, said he was available for questions.

CAROLINE SCHULTZ, Chief Policy Analyst, Office of Management and Budget, Office of the Governor, Juneau, Alaska, said she was available to answer questions.

SENATOR MICCICHE asked Mr. Puckett about the legal ability to remove the TRS section of the bill and let it move forward with PERS. He is just curious about that. This would not work for TRS right now. He asked if it would be legal to have an RIP without a TRS option.

MR. PUCKETT answered they are two separate retirement systems, so there could be a bill that is only for PERS and not TRS. There would be nothing wrong about that legally.

MR. HAYES said, unfortunately, the superintendent from Sitka could not be present. Sitka is doing an RIP. He would like him to testify at some point.

10:12:47 AM

CHAIR HOLLAND held SB 6 in committee.

10:13:01 AM

There being no further business to come before the committee, Chair Holland adjourned the Senate Education Standing Committee at 10:13 a.m.